
ENVIRONMENTAL Fact Sheet



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State Revolving Loan Fund for Drinking Water Projects

The Safe Drinking Water Act (SDWA) Amendments of 1996 provide for federal funding of a Drinking Water State Revolving Fund (DWSRF) to provide assistance to public water systems to finance the cost of drinking water infrastructure. The amendments also establish a strong emphasis on preventing contamination and enhancing water system management by allowing states to use some of the DWSRF for source water protection, capacity development and operator certification. Public water systems eligible for assistance are community water systems, both privately or publicly owned, and nonprofit non-community water systems. The purpose of this fact sheet is to describe the DWSRF assistance, in the form of loans or subsidies, available to public water systems for infrastructure and contamination prevention activities.

Infrastructure Assistance

The infrastructure portion of the DWSRF is to provide assistance to public water systems primarily in the form of low interest loans. In addition, the state has chosen to provide additional loan subsidies, including forgiveness of principal, to disadvantaged communities receiving loans. Disadvantaged communities or water systems are defined as public water systems or communities that serve residents whose median household income (MHI) is less than the statewide MHI based upon the most recent census data and/or salary survey. If a water system or community falls into this category, it may be eligible for subsidies under the disadvantaged program to bring their proposed rates closer to what the state has defined as affordable.

State affordability criteria considers the user rate which would result if the proposed project were constructed. An affordable project is one that results in a water user rate that does not exceed 1 percent of the water system or community MHI. A public water system which qualifies as a disadvantaged water system and whose anticipated rate after completion of the eligible projects exceeds the state affordability criteria may be eligible for a subsidized loan.

The DWSRF may provide assistance for projects related to compliance with national primary drinking water regulations and the public health protection objectives of the SDWA. Eligible costs may include planning, engineering, construction, and other related costs. Also, refinancing of debt obligations of municipal, intermunicipal or interstate agencies is eligible where the initial debt was incurred and construction started after July 1, 1993. Private systems are not eligible for refinancing. Types of infrastructure projects that could be eligible for funding include:

- Rehabilitation or development of sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated sources.
- Installation or upgrading of treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary standards.
- Installation or upgrading of storage facilities, including finish water reservoirs, to prevent microbiological contaminants from entering the water system.

- Installation or replacement of transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
- Consolidation of water systems to resolve contamination problems and financial or management capability issues.
- Acquisition of land from a willing seller if it is integral to a project that is needed to maintain compliance and further public health protection.

All applicants will be required to submit a pre-application for review and initial determination of whether a proposed project is eligible for funding under the DWSRF. The pre-application should document the scope of need for the project. Applicants with eligible projects will be requested to submit a full application. Applicants will also be required to submit a business plan which helps the state evaluate the managerial and financial capabilities to properly operate and maintain the water system. Upon submittal of a full application the state will place the project on a prioritized list according to a calculated ranking.

Projects will be ranked based upon the relative impact of the project in achieving the objectives of the SDWA. Factors used in the priority ranking system include violations of water quality standards, quantity deficiencies, treatment/design deficiencies, consolidation, and conservation and protection practices. A list of projects, ranked according to priority to receive SRF assistance will be developed and distributed for public comment.

Source Water Protection Assistance:

A portion of the federal grant received each year to fund the DWSRF will be spent on non-infrastructure source water protection activities. Funding in the form of grants and loans are available to qualified applicants.

No subsidization of loans for disadvantaged communities can occur with this portion of the DWSRF. Activities that will be eligible for this funding will include the following:

- Delineation and assessment of protection areas for wells and surface water intakes.
- Implementation of protection measures.
- Acquisition of water supply protection land (loan only).

All applicants will be required to submit a pre-application for review and initial determination of whether a proposed project is eligible for funding under the DWSRF. The pre-application will include a brief description of the project. Applicants with eligible projects will be requested to submit a full application. Upon submittal of a full application the state will place the project on a prioritized list according to a calculated ranking.

Projects will be ranked based upon the relative impact of the project in achieving the objectives of the SDWA. Factors used in the priority ranking system for source water protection activities include consistency with a comprehensive approach to source water protection, water quality, number of contamination sources and commitment of local officials. As with infrastructure projects, a list of projects ranked according to priority to receive DWSRF assistance will be developed and distributed for public comment.

For Additional Information Please contact the Drinking Water and Groundwater Bureau at (603) 271-2513 or dwgbinfo@des.state.nh.us or visit our website at www.des.nh.gov/dwgb. All of the bureau's fact sheets are on-line at www.des.nh.gov/dwg.htm.

Note: This fact sheet is accurate as of January 2007. Statutory or regulatory changes, or the availability of additional information after this date may render this information inaccurate or incomplete.